



STATE OF NORTH DAKOTA
OFFICE OF STATE TAX COMMISSIONER
Cory Fong, Commissioner

To: North Dakota Sales, Use and Gross Receipts Tax Permit Holders

Subject: Local Tax Changes Effective October 1, 2008

Date: July 24, 2008

The following summarizes the local option tax changes effective October 1, 2008. More detailed information will be mailed to permit holders located within the cities where the changes occurred.

Cooperstown

The city of Cooperstown will impose a one percent (1%) City Lodging Tax effective October 1, 2008 on the following:

- Gross receipts from leasing or renting of hotel, motel or tourist court accommodations for a period of less than 30 consecutive calendar days or one month.

Langdon

The city of Langdon will increase its city sales, use and gross receipts tax by one percent (1%). The tax rate for Langdon starting October 1, 2008 will be two percent (2%). In addition to the rate increase, the following change was made to the ordinance:

- Increased Maximum Tax (Refund Cap) to \$50.00 per transaction.

Napoleon

The city of Napoleon will increase its city sales, use and gross receipts tax by one percent (1%). The tax rate for Napoleon starting October 1, 2008 will be two percent (2%). In addition to the rate increase, the following change was made to the ordinance:

- Increased Maximum Tax (Refund Cap) to \$50.00 per transaction.

Maximum Tax (Refund Cap)

Prior to October 2005, most local sales taxes included a maximum tax provision (now also known as a refund cap). This was a maximum amount of tax that could apply to a single transaction. In October 2005, the caps were replaced with a refund program. Under the refund program, the retailer was required to collect tax on the entire sale without considering the caps. If the purchaser paid more than the maximum tax amount on a purchase, the purchaser could apply to the Tax Commissioner for a refund of any tax paid in excess of the cap. Beginning July 1, 2007, retailers may voluntarily collect up to the cap amount as a convenience to their customers so the purchasers do not need to apply for a refund. Retailers are not required to calculate caps and may continue to collect tax without regard to the caps. Retailers should be consistent in the method they choose to calculate local taxes.

More information on state and local taxes, including the Local Option Taxes by Location Guideline, is available on our web site at www.nd.gov/tax. Rate charts are also available on our web site. You may also contact the Tax Compliance Section at (701) 328-3470 or by e-mail at salestax@nd.gov.